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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board (the “**Board**”) of Directors (the “**Directors**”) of DL Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2024 together with the comparative unaudited figures for the six months ended 30 September 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	<i>Notes</i>	For the six months ended	
		30 September	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	83,048	101,260
Cost of sales/services	7	<u>(20,789)</u>	<u>(50,395)</u>
Gross profit		62,259	50,865
Other gains/(losses), net	6	30,882	7,457
Selling expenses	7	(2)	(460)
General and administrative expenses	7	(63,114)	(49,131)
Expected credit loss (“ECL”) of receivables, net	7	440	(4,052)
Share of profit of an associate		<u>–</u>	<u>6,146</u>
Operating profit		30,465	10,825
Finance income	9	1,286	2,830
Finance costs	9	<u>(23,394)</u>	<u>(6,099)</u>
Finance costs, net		<u>(22,108)</u>	<u>(3,269)</u>
Profit before income tax		8,357	7,556
Income tax expense	10	<u>(608)</u>	<u>(573)</u>
Profit for the period		<u>7,749</u>	<u>6,983</u>

		For the six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Other comprehensive income/(expense), including reclassification adjustments			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>130</u>	<u>(193)</u>
Other comprehensive income/(expense) for the period, including reclassification adjustments		<u>130</u>	<u>(193)</u>
Total comprehensive income attributable to the owners of the Company for the period		<u><u>7,879</u></u>	<u><u>6,790</u></u>
Earnings per share attributable to owners of the Company (expressed in HK cents per share)			
			(restated)
Basic	<i>12</i>	0.52	0.49
Diluted	<i>12</i>	<u><u>0.52</u></u>	<u><u>0.49</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>13</i>	7,803	2,546
Right-of-use assets	<i>13</i>	37,483	446
Intangible assets		91,212	96,046
Goodwill		226,430	226,430
Deferred tax assets		321	321
Deposits		4,370	–
Financial assets at fair value through profit or loss ("Financial assets at FVTPL")	<i>14</i>	<u>218,484</u>	<u>152,653</u>
		<u>586,103</u>	<u>478,442</u>
Current assets			
Trade and other receivables, prepayments and deposits	<i>15</i>	239,544	267,970
Loan and interest receivables	<i>16</i>	146,078	132,068
Bank balances – trust		63,038	158,110
Cash and cash equivalents		<u>45,159</u>	<u>39,842</u>
		<u>493,819</u>	<u>597,990</u>
Current liabilities			
Trade and other payables	<i>17</i>	121,482	226,068
Promissory notes	<i>18</i>	36,170	36,163
Bank borrowing	<i>19</i>	50,000	51,000
Bonds payable	<i>20</i>	38,000	20,000
Lease liabilities		8,803	468
Income tax payable		<u>10,559</u>	<u>8,655</u>
		<u>265,014</u>	<u>342,354</u>
Net current assets		<u>228,805</u>	<u>255,636</u>
Total assets less current liabilities		<u>814,908</u>	<u>734,078</u>

		As at 30 September 2024 <i>HK\$'000</i>	As at 31 March 2024 <i>HK\$'000</i>
	<i>Notes</i>	(unaudited)	(audited)
Non-current liabilities			
Promissory notes	<i>18</i>	–	135,388
Bonds payable	<i>20</i>	46,000	64,000
Lease liabilities		31,078	–
Deferred tax liabilities		13,031	13,725
		<u>90,109</u>	<u>213,113</u>
Net assets		<u>724,799</u>	<u>520,965</u>
Equity			
Share capital	<i>21</i>	15,183	14,539
Other reserves		442,267	217,184
Retained earnings		267,349	289,242
Total equity		<u>724,799</u>	<u>520,965</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION

DL Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 11 May 2015 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company has established a place of business in Hong Kong at Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and its subsidiaries (together the “**Group**”) are principally engaged in (i) provision of financial services of licensed businesses including, but not limited to, financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; and insurance brokerage services to customers; (ii) provision of family office services, investment advisory, assets management services and referral services for ultra-high net worth families; (iii) provision of money lending services to customers; (iv) sales of apparel products with the provision of supply chain management total solutions to customers; and (v) provision of enterprise solutions services.

The directors consider the immediate holding company and the ultimate holding company of the Company is DA Wolf Investments I Limited.

2. BASIS OF PREPARATION

The interim financial report does not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which comprises all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2024 (“**2024 Annual Financial Statements**”).

The preparation of these condensed consolidated interim financial statements requires the Company’s management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by the Company’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2024 Annual Financial Statements, except as disclosed below and in notes 3 and 4.

3. ACCOUNTING POLICIES AND USE OF JUDGEMENTS AND ESTIMATES

The accounting policies and methods of computation used in the preparation of the interim condensed consolidated financial statements are consistent with those used in 2024 Annual Financial Statements.

Critical accounting judgements

Determination of consolidation of investment funds

The Group set up certain investment funds in which the Group is an investor and also the fund manager. The Group has decision-making authority and power over the relevant activities of the fund because the Group, acting as the fund manager, can decide which investments the fund should acquire or dispose of. All facts and circumstances are taken into consideration in the assessment of whether the Group, as an investor, controls the investment funds.

The principle of control sets out the following three elements of control, (a) power over the investment funds, (b) exposure, or rights, to variable returns from involvement with the investment funds, and (c) the ability to use power over the investment funds to affect the amount of the investor's returns. The Group's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent. For these investment funds, the Group assesses whether (i) there are any other holders in these investment funds which have practical ability to remove the Group, and prevent the Group to direct the relevant activities of the investment funds, and (ii) the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds.

As at 30 September 2024, the directors of the Company concluded that the Group has no control of and acted as agent for all the investment funds. Details of these investment funds are disclosed in the interim condensed consolidated financial statements.

4. APPLICATION OF NEW OR AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 April 2024

The interim condensed consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with the accounting policies adopted in 2024 Annual Financial Statements, except for the adoption of the following amended HKFRSs effective as of 1 April 2024. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Presentation of Financial Statements – <i>Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amended HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

Issued but not yet effective HKFRSs

At the date of authorisation of this condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosure ³
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – <i>Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i> ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Annual improvements to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

¹ *Effective for annual periods beginning on or after 1 January 2025.*

² *Effective for annual periods beginning on or after 1 January 2026.*

³ *Effective for annual periods beginning on or after 1 January 2027.*

⁴ *Effective date not yet determined.*

⁵ *HK Int 5 has incorporated the references to HKFRS 18 which is effective for annual report periods beginning on or after 1 January 2027.*

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. Except as stated below, the Group is in the process of making an assessment of what the impact of these new or revised HKFRSs is expected to be in the period of initial application. So far the directors of the Group (the “**Directors**”) concluded that the adoption of the new and amendments to HKFRSs will have no material impact on the Group’s consolidated financial statements.

The directors of the Company anticipate that the application of HKFRS 18 has no impact on the Group’s financial positions and performance in foreseeable future, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income.

5. REVENUE AND SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors (i.e. the chief operating decision-maker (“**CODM**”)) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group’s major product and service lines.

The Group has identified the following reportable segments for the six months ended 30 September 2024 and 2023:

- Financial services of licensed business – provision of financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; and insurance brokerage services to the customers.
- Family office services business – During the year ended 31 March 2024, the Group completed the acquisition of the remaining 55% interest in DL Family Office (HK) Limited (“**DL Family Office HK**”) on 28 November 2023, which is engaged in the provision of family office services, investment advisory, assets management services and referral services for ultra-high net worth families;
- Money lending services – provision of equity pledge financing services and money lending services to the customers;
- Sales of apparel products – sales of apparel products with the provision of supply chain management total solutions to customers; and
- Enterprise solutions services – provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services.

Each of these reportable segments are managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm’s length prices.

For the purposes of assessing segment performance and allocating resources between segments, the Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation, certain bank interest income, finance costs, ECL of trade and other receivables, ECL of loan and interest receivables, net gains/(losses) on disposals of financial asset at FVTPL (related to segment of financial services of licensed business) and impairment of goodwill. Changes in fair value of financial assets at FVTPL (excluding financial assets at FVTPL in reportable and operating segments), certain net gains/(losses) on disposal of financial assets at FVTPL, certain bank interest income, certain finance costs, certain depreciation of right-of-use assets, share of profit in an associate and unallocated corporate expenses are not included in the result for each reportable segment.

Segment assets include all assets with the exception of financial assets at FVTPL and other corporate assets.

Segment liabilities include contract liabilities, trade and other payables, provision for reinstatement cost, lease liabilities, income tax payable and bank borrowing managed directly by the segments with exception of promissory notes, bonds payable, and other corporate liabilities.

Disaggregation of revenue from contracts with customers by major products or service lines and timing of revenue recognition are as follows:

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Provision of financial services of licensed business (<i>note</i>)	44,017	72,861
– Provision of family office services	20,547	–
– Sales of apparel products	–	589
– Provision of supply chain management	1,800	2,004
– Provision of enterprise solutions services	6,248	11,986
	<u>72,612</u>	<u>87,440</u>
Revenue from other sources		
– Interest income from provision of money lending services	5,992	8,324
– Interest income from provision of margin financing services	4,444	5,496
	<u>10,436</u>	<u>13,820</u>
	<u>83,048</u>	<u>101,260</u>

Disaggregated by timing of revenue recognition under HKFRS 15

	For the six months ended			
	30 September			
	2024		2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
	At a point		At a point	
	Over time	in time	Over time	in time
Provision of financial services of licensed business	14,952	29,065	13,553	59,308
Provision of family office services	16,747	3,800	–	–
Sale of apparel products	–	–	–	589
Provision of supply chain management	–	1,800	–	2,004
Provision of enterprise solutions services	787	5,461	2,195	9,791
	<u>32,486</u>	<u>40,126</u>	<u>15,748</u>	<u>71,692</u>

The Group applied the practical expedient in HKFRS 15.94 and therefore expensed the incremental costs of obtaining a contract if the amortisation period is one year or less.

Note:

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from provision of financial services of licensed business		
Service fee income from financial advisory services and investment management services	32,340	64,888
Commission and brokerage arising on securities dealing	1,597	1,428
Commission and brokerage from insurance brokerage services	<u>10,080</u>	<u>6,545</u>
	<u>44,017</u>	<u>72,861</u>

6. OTHER GAINS/(LOSSES), NET

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fair value gain on financial assets at FVTPL	29,348	5,543
Gain on deregistration of a subsidiary	50	–
Dividend income from financial assets at FVTPL	614	972
Loss on early termination of lease	(7)	–
Government grants	13	235
Written off of property, plant and equipment	–	(25)
Income from financial guarantee issued	844	–
Others	<u>20</u>	<u>732</u>
	<u>30,882</u>	<u>7,457</u>

7. EXPENSES BY NATURE

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Auditors' remuneration – other service	300	390
Amortisation of intangible assets	4,834	–
Consultancy fees	11,840	9,287
Cost of goods sold	–	507
Cost of services	20,789	49,888
Depreciation of property, plant and equipment	614	374
Depreciation of right-of-use assets	4,167	2,633
Donation	295	601
Provision for ECL on trade receivables	–	40
Provision for ECL on loan and interest receivables, net	(440)	4,012
(Reversal of)/provision for ECL on receivables, net	(440)	4,052
Employee benefit expenses (<i>note 8</i>)	29,242	22,253
Entertainment and travelling expenses	2,555	2,386
Exchange differences, net	91	466
Marketing fees	1,043	378
Short-term leases/low-value leases in respect of		
– office	381	199
– car park	67	80
Other expenses	7,687	10,544
	<hr/>	<hr/>
Total cost of sales/services, selling expenses, general and administrative expenses and ECL of receivables, net	83,465	104,038
	<hr/> <hr/>	<hr/> <hr/>

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, bonus and other short-term employee benefits	27,467	21,590
Share award granted to employees	822	3
Pension costs – defined contribution plans	953	660
	29,242	22,253

9. FINANCE COSTS, NET

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance income		
Bank interest income	1,286	2,830
Finance costs		
Interest expenses on bank borrowing	(1,616)	(1,607)
Interest expenses on lease liabilities	(1,006)	(37)
Interest expenses on bonds payable	(1,373)	(3,829)
Interest expenses on promissory notes	(19,399)	(626)
	(23,394)	(6,099)
Finance cost, net	(22,108)	(3,269)

10. INCOME TAX EXPENSE

Hong Kong

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
– Hong Kong	<u>(189)</u>	<u>1,611</u>
Deferred tax	<u>797</u>	<u>(1,038)</u>
	<u>608</u>	<u>573</u>

The provision for Hong Kong Profits Tax for the six months ended 30 September 2024 is calculated at 16.5% (six months ended 30 September 2023: 16.5%) of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25% (six months ended 30 September 2023: 8.25%), and the profits above HK\$2,000,000 are taxed at 16.5% (six months ended 30 September 2023: 16.5%).

Cayman Islands and British Virgin Islands (“BVI”)

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiaries are not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Singapore

Singapore profits tax has not been provided as the subsidiary of the Group has no estimated assessable profits in the jurisdiction.

PRC

For the subsidiaries of the Company in the PRC, under the notice of the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax Policies for Small Low-Profit Enterprises, for the portion of profit less than RMB1,000,000, 25% of the profit will be taxed at 20% and for the portion of profits within the range of RMB1,000,000 to RMB3,000,000, 50% of the profit will be taxed at 20%.

11. DIVIDENDS

(a) Dividends attributable to the period

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2024 and 2023.

(b) Dividends attributable to the previous financial year, approved and paid/payable during the period

	For the six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
Final dividend in respect of the previous financial year ended 31 March 2024 of HK1.98 cents (six months ended 30 September 2023: final dividend in respect of the previous financial year ended 31 March 2023 of HK1.03 cents) per share	30,063	14,976

12. EARNINGS PER SHARE

12.1 Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the respective periods.

	For the six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
Profit attributable to owners of the Company (HK\$'000)	7,749	6,983
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ('000) (restated for the six months ended 30 September 2023)	1,480,056	1,429,327
Basic earnings per share (HK cents per share) (restated for the six months ended 30 September 2023)	0.52	0.49

The calculation of the basic earnings per share amount is based on profit attributable to owners of the Company and the weighted average number of ordinary shares in issue for the six months ended 30 September 2024 and 2023 as adjusted to exclude the shares held under the Share Award Scheme and has been adjusted to reflect the impact of the bonus element of shares issued and bonus issue of shares in September and October 2024, respectively. The comparative figures have been restated accordingly.

12.2 Diluted

	For the six months ended	
	30 September	
	2024	2023
	(unaudited)	(unaudited)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	7,749	6,983
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>'000</i>) (<i>restated for the six months ended 30 September 2023</i>)	1,480,056	1,429,327
Effect of dilutive potential ordinary shares		
– share options (<i>'000</i>)	9,638	3,865
– share award (<i>'000</i>)	81	354
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (<i>'000</i>) (<i>restated for the six months ended 30 September 2023</i>)	1,489,775	1,433,546
	<hr/>	<hr/>
Diluted earnings per share (<i>HK cents per share</i>)		
(<i>restated for the six months ended 30 September 2023</i>)	<u>0.52</u>	<u>0.49</u>

The calculation of the diluted earnings per share are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period and excluded the shares held under the Share Award Scheme, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares with into ordinary shares and the restricted shares under the Shares Award Scheme.

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2024, the Group purchased property, plant and equipment of approximately HK\$5,871,000 (unaudited) (six months ended 30 September 2023: HK\$85,000 (unaudited)). The purchase of property, plant and equipment are the addition of leasehold improvements for the six months ended 30 September 2024.

During the six months ended 30 September 2024, there is addition to right-of-use assets amounting to approximately HK\$41,290,000 (unaudited) (six months ended 30 September 2023: no addition (unaudited)). The additions are the contracted new leases of office premises that contains lease period from three to five years during the six months ended 30 September 2024.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FINANCIAL ASSETS AT FVTPL”)

		As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Non-current portion			
<i>Listed securities</i>			
Equity securities – Hong Kong		8,514	31,596
<i>Non-listed securities</i>			
Investment funds	<i>(i)</i>	67,230	5,814
Equity investment – outside Hong Kong	<i>(ii)</i>	142,740	115,243
		218,484	152,653

Notes:

- (i) The fair value of the unlisted investment funds is determined based on the net asset values with reference to the recent transaction price of the underlying assets. During the six months ended 30 September 2024, the Group increased the partnership interest in a limited partnership fund by approximately HK\$43,000,000.
- (ii) It represents investment in an unlisted company related to 26.65% (unaudited) of the interest in the Carmel Reserve LLC, a company in which Mr. Chen Ningdi (“**Mr. Chen**”), the Chairman, Chief Executive Officer and Executive Director, has interest, as the non-voting class B membership interest as at 30 September 2024 (31 March 2024: 26.65% (audited)).

The table below analyses the Group’s financial instruments carried at fair value, by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices, and not using significant unobservable inputs) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

15. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Gross trade receivables – margin receivables (<i>Note (a)</i>)	76,208	82,241
Gross trade receivables – financial advisory services	3,346	8,842
Gross trade receivables – family office services	33,011	28,941
Gross trade receivables – sales of apparel products and provision of supply chain management total solutions	–	900
Gross trade receivables – investment management services	41,224	43,966
Gross trade receivables – enterprise solutions services	2,558	5,712
	<u>156,347</u>	<u>170,602</u>
Less: Provision for expected credit loss	<u>(2,642)</u>	<u>(2,642)</u>
Trade receivables, net of provision	153,705	167,960
Clearing house receivables	14,574	59,157
Prepayments	7,942	1,024
Rental deposits	4,389	550
Amount due from an investee company (<i>Note (b)</i>)	373	373
Amounts due from related parties	29,001	38,238
Loans to a related company (<i>Notes (c)</i>)	18,320	–
Other receivables and deposits	<u>15,610</u>	<u>668</u>
Total trade and other receivables, prepayments and deposits	243,914	267,970
Less: Non-current portion		
Long-term portion of deposits	<u>(4,370)</u>	<u>–</u>
	<u><u>239,544</u></u>	<u><u>267,970</u></u>

Notes:

- (a) Margin receivables are secured by the clients' pledged securities with undiscounted market value of approximately HK\$458,804,000 (unaudited) (31 March 2024: HK\$505,788,000 (audited)) as at 30 September 2024 which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. Trade receivables from margin clients are repayable on demand and bear interest at commercial rates. The Group repledged approximately HK\$115,499,000 (unaudited) (31 March 2024: HK\$106,137,000 (audited)) of the collateral from margin clients to secure the Group's loan facility related to bank borrowing during the period ended 30 September 2024.
- (b) As at 30 September 2024, the amounts due from an investee company and related parties amounting to HK\$373,000 (unaudited) (31 March 2024: HK\$373,000 (audited)) and HK\$29,001,000 (unaudited) (31 March 2024: HK\$38,238,000 (audited)), respectively, are unsecured, interest-free and repayable on demand.

- (c) During the six months ended 30 September 2024, the Company and Carmel Reserve LLC, a company in which Mr. Chen has interest, entered into several loan agreements, pursuant to which the Company agreed to provide unsecured loans total amounting to US\$2,450,000 (equivalents to approximately HK\$19,000,000) to Carmel Reserve LLC at an interest rate from 8% to 12% per annum and due from 2 months to one year. There is a repayment of US\$100,000 during the six months end 30 September 2024 and with outstanding balance US\$2,350,000 (equivalents to approximately HK\$18 million) as of 30 September 2024.

The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. In addition, the settlement terms of Hong Kong Securities Clearing Company Limited are two days after trade date. For the remaining trade receivables, the Group allows an average credit period of 30-90 days (unaudited) (31 March 2024: 30-90 days (audited)) to its trade customers of other business.

No ageing analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, and only fall due on conditions or on demand by the Group. The directors of the Company consider that an ageing analysis does not give additional value in the view of the value of business of margin financing.

As at 30 September 2024 and 31 March 2024, the ageing analysis of trade receivables (except margin receivables), net of ECL allowance, based on invoice date is as follows:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000
1 to 30 days	24,827	35,524
31 to 60 days	450	520
61 to 90 days	3,330	439
Over 90 days	48,890	49,236
	<u>77,497</u>	<u>85,719</u>

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the ECL, these receivables have been grouped based on shared credit risk characteristics and the ageing from billing. For margin receivables, the Group applied the general approach in calculating ECL and recognises an ECL allowance based on 12-month ECL at each reporting date. Margin receivables have been grouped based on the shortfall of loan balances over the respective collateral amounts and the days past due.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. Other than margin receivables, the Group does not hold any collateral as securities on its trade receivables.

The carrying amounts of deposits, prepayments, trade and other receivables approximated their fair values.

16. LOAN AND INTEREST RECEIVABLES

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

As at 30 September 2024 and 31 March 2024, all loan and interest receivables are not past due. All loan and interest receivables, based on the maturity date, mature within one year and are denominated in HK\$ and United States Dollar.

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Loan receivables	141,051	129,559
Less: Provision for ECL on loan receivables – Stage 1 and 2	<u>(7,183)</u>	<u>(7,630)</u>
Loan receivables, net of provision	<u>133,868</u>	<u>121,929</u>
Interest receivables	12,951	10,873
Less: Provision for ECL on interest receivables – Stage 1 and 2	<u>(741)</u>	<u>(734)</u>
Interest receivables, net of provision	<u>12,210</u>	<u>10,139</u>
Loan and interest receivables, net of provision	<u>146,078</u>	<u>132,068</u>

The credit quality analysis of the loan and interest receivables is as follows:

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Loan receivables		
Neither past due nor impaired		
– Secured	18,531	7,067
– Unsecured	<u>115,337</u>	<u>114,862</u>
	<u>133,868</u>	<u>121,929</u>
Interest receivables		
Neither past due nor impaired		
– Secured	2,527	893
– Unsecured	<u>9,683</u>	<u>9,246</u>
	<u>12,210</u>	<u>10,139</u>
	<u>146,078</u>	<u>132,068</u>

Loan with gross carrying amount of (i) HK\$1,200,000 (unaudited) (31 March 2024: HK\$1,200,000 (audited)) was secured by the shares of certain companies incorporated in BVI; (ii) HK\$4,750,000 (unaudited) (31 March 2024: HK\$4,750,000 (audited)) was secured by certain loans and interest receivables of the customer; and (iii) HK\$13,210,000 (unaudited) (31 March 2024: HK\$2,000,000 (audited)) was secured by the securities account maintained in the subsidiary of the Company, DL Securities, investment in limited partnership fund of US\$250,000 and an interest bearing senior note amounting to US\$342,000.

Loan receivables bear interest from 8%-15% (unaudited) (31 March 2024: 8%–15% (audited)) per annum and repayable in fixed term agreed with customers. Interest receivables bear interest from 8%–36% (unaudited) (31 March 2024: 8%–36% (audited)) per annum for default interest and repayable in fixed term agreed with customers. The maximum exposure to credit risk at each of the reporting date is the carrying value of the loan and interest receivables mentioned above.

	Loan receivables	Interest receivables	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April 2024 (audited)	121,929	10,139	132,068
New loans originated	30,601	5,628	36,229
Amounts recovered or repaid during the period	(19,109)	(3,550)	(22,659)
Reversal of ECL allowance on loan and interest receivables	2,499	431	2,930
ECL allowance under 12-month ECL (Stage 1) recognised during the period	(123)	(5)	(128)
ECL allowance under lifetime ECL (Stage 2) recognised during the period	(1,929)	(433)	(2,362)
	<u>133,868</u>	<u>12,210</u>	<u>146,078</u>
Balance at 30 September 2024 (unaudited)	<u>133,868</u>	<u>12,210</u>	<u>146,078</u>

	Loan receivables	Interest receivables	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April 2023 (audited)	171,918	11,330	183,248
New loans originated	49,010	5,597	54,607
Amounts recovered or repaid during the period	(93,505)	(6,198)	(99,703)
Reversal of ECL allowance on loan and interest receivables	994	82	1,076
ECL allowance under 12-month ECL (Stage 1) recognised during the period	1,006	56	1,062
ECL allowance under lifetime ECL (Stage 2) recognised during the period	(7,494)	(728)	(8,222)
	<u>121,929</u>	<u>10,139</u>	<u>132,068</u>
Balance at 31 March 2024 (audited)	<u>121,929</u>	<u>10,139</u>	<u>132,068</u>

For loans and interest receivables that are not credit-impaired without significant increase in credit risk since initial recognition (“**Stage 1**”), ECL is measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified (“**Stage 2**”) but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL. If credit impaired is identified (“**Stage 3**”), ECL is measured based on lifetime ECL. In general, when loans and interest receivables are overdue by 30 days, there is significant increase in credit risk.

The directors consider that the fair values of loan and interest receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

17. TRADE AND OTHER PAYABLES

	As at 30 September 2024 <i>HK\$’000</i> (unaudited)	As at 31 March 2024 <i>HK\$’000</i> (audited)
Trade payables (<i>note (a)</i>)	5,869	1,292
Trade payables to securities brokerage clients (<i>note (b)</i>)	64,203	207,677
Contract liabilities (<i>note (c)</i>)	347	179
Accrued employee benefits expenses	2,390	1,760
Dividend payable	30,063	–
Other payables (<i>note (d)</i>)	17,949	15,160
Amounts due to related parties	661	–
	121,482	226,068

Notes:

- (a) The carrying amount of trade and other payables approximated their fair values. The Group was granted by its suppliers' credit periods ranging from 30-90 days (unaudited) (31 March 2024: 30-90 days (audited)). Based on the invoice dates, the aging analysis of the trade payables (excluding payables from securities dealing business) were as follows:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
1 to 30 days	4,584	899
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	1,285	393
	<hr/>	<hr/>
Total trade payables (excluding payables from securities dealing business)	<u>5,869</u>	<u>1,292</u>

- (b) The directors of the Company considered that the fair values of trade payables from securities dealing business are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

No ageing analysis of payables arose from securities dealing business is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

- (c) The contract liabilities that is expected to be settled after more than one year is HK\$347,000 (unaudited) (31 March 2024: HK\$179,000 (audited)).
- (d) It mainly represents (i) accruals of audit fee, consultancy fee, sales commission, interest expenses on bonds payable, promissory notes, bank borrowing and other operating expenses and (ii) amount due to the limited partnership funds or managed funds.

18. PROMISSORY NOTES

On 20 March 2023, the Group issued one promissory note amounting to HK\$14,820,000 to a third party and is unsecured, bears interest rate of 8% per annum and matures in 3 months from the date of issue, (i.e 19 June 2023). The promissory note was renewed six times with the same terms and conditions and will mature on 19 December 2024.

On 20 September 2023, 22 November 2023 and 19 December 2023, the Group issued three promissory notes amounting HK\$22,350,000 in aggregate to a third party and are unsecured, bears interest rate of 10% per annum and matured in 3 months from the date of issue, of which HK\$1,000,000 was early repaid during the year ended 31 March 2024. The three promissory notes were renewed with the same terms and conditions and with maturity dates of 19 December 2024, 21 November 2024 and 18 December 2024.

The following table shows the remaining contractual maturities of the promissory notes:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Total minimum payments:		
Due within one year	36,928	36,806
Due in the second to fifth years	–	150,000
Future finance charges on promissory notes	(758)	(15,255)
	<hr/>	<hr/>
Present value of promissory notes	36,170	171,551
	<hr/> <hr/>	<hr/> <hr/>

19. BANK BORROWING

As at 30 September 2024, the bank borrowing was repayable within 1 year with a floating interest rate of 2% per annum over the Hong Kong Interbank Offered Rate as determined by the bank for an interest period of 1 or 2 week(s) or 1, 2, or 3 month(s) on the first business day of such interest period (six months ended 30 September 2023: 2% to 2.3% per annum over the Hong Kong Interbank Offered Rate as determined by the bank for an interest period of 3 months on the first business day of such interest period). Effective interest rate was 6.23% (six months ended 30 September 2023: 6.57%) during the six months ended 30 September 2024. The exposure of the bank borrowing to interest rate changes and the contractual repricing dates as at 30 September 2024 was within one year.

As at 30 September 2024, the Group repledged approximately HK\$115,499,000 (unaudited) (31 March 2024: HK\$106,137,000 (audited)) of the collateral from margin clients to secure the Group's loan facility related to bank borrowing.

As at 30 September 2024, the bank borrowing is secured by corporate guarantee of HK\$50,000,000 (unaudited) (31 March 2024: HK\$120,000,000 (audited)) given by the Company.

20. BONDS PAYABLE

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Bonds carried at fixed coupon rate of 5% per annum (<i>note (a)</i>)	16,000	16,000
Bonds carried at fixed coupon rate of 8% per annum (<i>note (b)</i>)	30,000	30,000
Bonds carried at fixed coupon rate of 10% per annum (<i>note (c)</i>)	38,000	38,000
	<u>84,000</u>	<u>84,000</u>
Less: non-current portion	<u>(46,000)</u>	<u>(64,000)</u>
Current portion	<u><u>38,000</u></u>	<u><u>20,000</u></u>

Notes:

- (a) The Company issued 5% coupon unlisted bonds during the year ended 31 March 2024 with aggregate principal amount of HK\$5,000,000. The amounts were repayable within 48 months from the date of issue.

The Company issued 5% coupon unlisted bonds during the year ended 31 March 2023 with aggregate principal amount of HK\$5,000,000. The amounts were repayable within 84 months from the date of issue.

The Company issued 5% coupon unlisted bonds during the year ended 31 March 2021 with aggregate principal amount of HK\$6,000,000. The amounts were repayable within 84 months from the date of issue.

- (b) The Company issued 8% coupon unlisted bonds during the year ended 31 March 2022 with the aggregate principal amount of HK\$87,000,000 of which HK\$30,000,000 was repayable within 60 months from the date of issue, HK\$44,000,000 was repayable within 24 months from the date of issue and HK\$13,000,000 was repayable within 12 months from the date of issue, respectively. During the year ended 31 March 2024, HK\$44,000,000 was fully repaid.
- (c) The Company issued 10% coupon unlisted bonds during the year ended 31 March 2024 with the aggregate principal amount of HK\$38,000,000, of which HK\$18,000,000 was repayable within 24 months from date of issue and HK\$20,000,000 was repayable within 12 months from date of issue.

As at 30 September 2024, HK\$38,000,000 (unaudited) (31 March 2024: HK\$20,000,000 (audited)) is repayable within 12 months.

21. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised		
Ordinary shares of the Company of HK\$0.01 each		
As at 1 April 2023, 31 March 2024, 1 April 2024 (audited) and 30 September 2024 (unaudited)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid		
As at 1 April 2023, 31 March 2024 and 1 April 2024	1,453,956,350	14,539
Issue of new shares (<i>note</i>)	<u>64,370,000</u>	<u>644</u>
As at 30 September 2024 (unaudited)	<u>1,518,326,350</u>	<u>15,183</u>

Note:

On 21 March 2024, the Company entered into a placing agreement with placing agents pursuant to which the Company had conditionally agreed to place, through the placing agents on a best effort basis, up to 100,000,000 new shares of the Company at a placing price of HK\$3.50 per placing share to not less than six placees. The placing shares would be allotted and issued pursuant to the general mandate approved by the shareholders of the Company at the annual general meeting of the Company held on 11 September 2023. On 9 April 2024, the Company completed the placing of new shares totalling 64,370,000 Shares under the general mandate at HK\$3.50 per share for a total consideration of approximately HK\$225,295,000. The net proceeds, after considering the share issuance expense of HK\$99,000, amounting to approximately HK\$225,196,000 of which HK\$644,000 was credited to the share capital account and approximately HK\$224,552,000 was credited to share premium account.

On 13 September 2024, the Company approved bonus issue of shares on the basis of one new share for every 50 existing ordinary shares held by the members on 25 September 2024. A total of 30,366,527 shares were issued on 10 October 2024.

22. CAPITAL COMMITMENTS

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Contracted but not provided for Capital injection to limited partnership funds	<u> -</u>	<u> 9,276</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2024 (the “**Reporting Period**”), despite the uncertainties cast on the global economic prospect by the international conflicts and other market events, the Group continued to expand its financial services of licensed business, including, but not limited to, financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; insurance brokerage services to customers; and money lending services (the “**Financial Services Businesses**”).

During the Reporting Period, the Group recorded a decrease in revenue by approximately 18.1% to approximately HK\$83.0 million (six months ended 30 September 2023: HK\$101.3 million). Gross profit increased by approximately 22.4% to approximately HK\$62.3 million (six months ended 30 September 2023: HK\$50.9 million). The Group recorded a profit for the period of approximately HK\$7.7 million (six months ended 30 September 2023: profit for the period of HK\$7.0 million), representing an increase of approximately 10.0% as compared with the six months ended 30 September 2023.

Provision of financial services of licensed business

The financial services provided by the licensed business of the Group include financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; and insurance brokerage services to customers.

The financial advisory services provided by the Group include advising clients on corporate finance. During the Reporting Period, the Group has provided financial advisory services to its clients from different industry sectors, including, but not limited to, communications, industrial, consumer, technology, and financial sectors, including, but not limited to, companies listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The securities research services include conducting research by the in-house analysts of the Group and producing research reports for clients in relation to our securities trading and brokerage and margin financing services.

The securities trading and brokerage services include trading securities on behalf of the clients of the Group.

The margin financing business includes provision of stock-secured financing for retail, corporate and high-net-worth clients who need financing to purchase securities. As at 30 September 2024, the loan receivables from margin financing services amounted to approximately HK\$76.2 million (31 March 2024: HK\$82.2 million).

The referral services include (a) advising, sourcing, and referring investment targets and/or investors to institutional funds; (b) connecting projects with clients and buyers with clients; and (c) coordinating, advising on, and executing fundraising projects. During the Reporting Period, the Group mainly provided referral services to financial sector clients.

The investment management services mainly include managing the investment portfolio and asset allocation of offshore funds. The Group had a licensed entity in the Cayman Islands (the “**Cayman Investment Manager**”) and a licensed entity in Singapore (the “**Singapore Investment Manager**”) to provide investment management services in Cayman Islands and Singapore. The Group, through its indirect wholly-owned subsidiary, DL Family Office (HK) Limited, a licensed entity to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities by the Securities and Futures Commission, perform its investment management services in Hong Kong. The investment advisory services include providing securities advisory services to clients. During the Reporting Period, the service fees charged by the Group for managing the assets under investment management in Cayman Islands and Singapore amounted to approximately HK\$7.8 million and HK\$1.8 million, respectively (six months ended 30 September 2023: HK\$13.5 million in total).

The insurance brokerage service includes sourcing insurance policies for clients and advocating on clients’ behalf to liaise with insurance companies. During the Reporting Period, the services fee charged by the Group for provision of insurance brokerage services amounted to approximately HK\$10.1 million (six months ended 30 September 2023: HK\$6.5 million).

Segment revenue from the provision of financial services of licensed business decreased from approximately HK\$78.4 million for the six months ended 30 September 2023 to approximately HK\$48.5 million during the Reporting Period mainly due to the macroeconomic headwinds and geopolitical uncertainties in the region. As a result, there were significant pushbacks to both the number of deal transactions and deal volumes during the Reporting Period. Nonetheless, the segment profit increased from approximately HK\$1.5 million for the six months ended 30 September 2023 to approximately HK\$12.4 million during the Reporting Period mainly due to changes in the deal structures and the higher gross profit margin for the deals conducted during the Reporting Period.

Provision of family office services business

The family office services include provision of family office services, investment advisory, assets management services and referral services to ultra-high net worth families. On 28 November 2023, the Group completed the acquisition of the remaining 55% interest in DL Family Office (HK) Limited and commenced the provision of family office services business. During the Reporting Period, the segment revenue for the provision of family office services was approximately HK\$20.5 million and segment profit was approximately HK\$0.9 million.

Provision of money lending services

The Group's money lending business mainly targets customers who wish to obtain trade financing. During the Reporting Period, the segment revenue for provision of money lending services was approximately HK\$6.0 million (six months ended 30 September 2023: HK\$8.3 million), and segment profit for the Reporting Period was approximately HK\$3.5 million (six months ended 30 September 2023: HK\$2.6 million). The decrease of segment revenue was mainly attributable to the decrease in loan and interest receivables from money lending services, resulting in a decrease in interest received or accrued. The increase in the segment profit was mainly attributable to the reversal of the expected credit loss on receivables recorded during the Reporting Period.

Sales of apparel products with the provision of supply chain management total solutions to customers

The sale of apparel products business includes selling apparels and sourcing suppliers and third-party manufacturers to produce apparels that meet the requirements of the customers of the Group (the “**Sale of Apparel Products Business**”) and the supply chain management total solutions business (together with the Sale of Apparel Products Business, the “**Apparel Business**”) include market trend analysis, design and product development, sourcing, production management, quality control and logistics services.

During the Reporting Period, the Group continued to explore business opportunities with e-commerce customers and Direct to Consumer (D to C) model brands by selling apparels products to them and arranging the delivery of goods from factory to customer distribution centers of clients or from factory directly to final customers of clients.

During the Reporting Period, the segment revenue for the Apparel Business amounted to approximately HK\$1.8 million (six months ended 30 September 2023: HK\$2.6 million), and the segment loss for the Reporting Period was approximately HK\$1.7 million (six months ended 30 September 2023: HK\$3.3 million). The Apparel Business continued to suffer from challenges in the global business environment and fierce competition and international trade conflicts, and the business environments remain very challenging.

Provision of enterprise solutions services

The Group's enterprise solutions services business includes provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services to high net-worth clients. During the Reporting Period, our enterprise solutions services business contributed segment revenue of approximately HK\$6.2 million (six months ended 30 September 2023: HK\$12.0 million) and recorded a segment loss of approximately HK\$4.9 million (six months ended 30 September 2023: segment profit of HK\$6.3 million).

FINANCIAL REVIEW

REVENUE

During the Reporting Period, the Group reported revenue of approximately HK\$83.0 million, representing a decrease of approximately 18.1% from approximately HK\$101.3 million for the six months ended 30 September 2023. The decrease was mainly attributable to the decrease in revenue from the provision of financial services of licensed business.

During the Reporting Period, the segment revenue for provision of financial services of licensed business decreased by approximately 38.1% to approximately HK\$48.5 million (six months ended 30 September 2023: HK\$78.4 million). The decrease was mainly attributable to the decrease in revenue from financial advisory services in relation to placing of securities and corporate finance advisory services due to the macroeconomic headwinds and geopolitical uncertainties.

During the Reporting Period, the segment revenue from the provision of family office services amounted to approximately HK\$20.5 million.

During the Reporting Period, the segment revenue of the money lending services amounted to approximately HK\$6.0 million (six months ended 30 September 2023: HK\$8.3 million).

During the Reporting Period, the segment revenue for the Apparel Business decreased to approximately HK\$1.8 million (six months ended 30 September 2023: HK\$2.6 million). The Apparel Business continued to suffer from challenges in the global business environment and fierce competition and international trade conflicts, and the business environments remain very challenging.

During the Reporting Period, the segment revenue of enterprise solutions services amounted to approximately HK\$6.2 million (six months ended 30 September 2023: HK\$12.0 million).

Cost of sales/services

The Group's cost of sales/services primarily consists of cost of goods sold from the Apparel Business and cost of services from the Financial Services Businesses.

The cost of goods sold from the Apparel Business mainly consists of (i) fees charged by third-party manufacturers; and (ii) cost of raw materials occasionally purchased by the Group and passed to third-party manufacturers for their production of salesman samples.

The costs of services from the Financial Services Businesses mainly consist of sub-referral fee to business vendors and expenses for placement projects.

During the Reporting Period, the cost of sales/services decreased by approximately 58.7% to approximately HK\$20.8 million (six months ended 30 September 2023: HK\$50.4 million). Such decrease was primarily attributable to the significant decrease in cost of services by the provision of financial services of licensed business.

Gross profit and gross profit margins

During the Reporting Period, the gross profit of the Group increased by approximately 22.4% to approximately HK\$62.3 million (six months ended 30 September 2023: HK\$50.9 million), which was mainly attributable to the gross profit contribution from the provision of family office services. During the Reporting Period, the gross profit margin of the Group increased to approximately 75.0%, as compared to approximately 50.2% for the six months ended 30 September 2023, which was mainly attributable to the higher gross profit margin from the provision of family office services.

Other gains, net

During the Reporting Period, the Group recorded other gains, net of approximately HK\$30.9 million (six months ended 30 September 2023: other gains, net of HK\$7.5 million). The increase is mainly attributable to the fair value gain on financial assets at fair value through profit or loss ("FVTPL") of approximately HK\$29.3 million (six months ended 30 September 2023: HK\$5.5 million).

Selling expenses

Selling expenses mainly consist of sales commission paid to external sales representatives and staff costs of in-house staff whose roles are mainly focusing on sourcing new customers in the Apparel Business. During the Reporting Period, selling expenses decreased by approximately 99.6% to approximately HK\$2,000 (six months ended 30 September 2023: HK\$0.5 million). The decrease was mainly attributable to the decrease in sales commission incurred.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees, and other miscellaneous general and administrative expenses. During the Reporting Period, general and administrative expenses increased by approximately 28.5% to approximately HK\$63.1 million (six months ended 30 September 2023: HK\$49.1 million). The increase was mainly attributed to the increase in employee benefit expenses and amortization of intangible assets and depreciation of right-of-use assets during the Reporting Period.

Finance costs

During the Reporting Period, finance costs increased by approximately 283.6% to approximately HK\$23.4 million (six months ended 30 September 2023: HK\$6.1 million). The increase was mainly attributed to the early repayment of promissory note and the increase in the interest expenses on bank borrowing, bonds payable and promissory notes during the Reporting Period.

Income tax expense

During the Reporting Period, income tax expense amounted to approximately HK\$0.6 million (six months ended 30 September 2023: HK\$0.6 million).

Profit for the period

Profit for the period amounted to approximately HK\$7.7 million (six months ended 30 September 2023: profit for the period of HK\$7.0 million), representing an increase of approximately 10.0% as compared with the six months ended 30 September 2023.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operations with its own working capital, proceeds from bank borrowing, corporate bonds, and promissory notes. As at 30 September 2024, the Group had net current assets of approximately HK\$228.8 million (31 March 2024: HK\$255.6 million), including cash and cash equivalents of approximately HK\$45.2 million (31 March 2024: HK\$39.8 million). As at 30 September 2024, the Group's current ratio was 1.86 (31 March 2024: 1.75).

As at 30 September 2024, the Group had bank borrowing of approximately HK\$50.0 million (31 March 2024: HK\$51.0 million) at a floating interest rate of 2% (31 March 2024: 2% to 2.3%) per annum over the Hong Kong interbank offered rate. The bank borrowing is denominated in Hong Kong Dollars and is repayable within one year and secured by the corporate guarantee given by the Company.

As at 30 September 2024, the aggregate principal amounts of promissory notes issued by the Group amounted to approximately HK\$36.2 million (31 March 2024: HK\$171.6 million), with interest rates of 8% to 10% (31 March 2024: 8%-10%) per annum, which are denominated in Hong Kong and United States Dollars and shall be repayable within one year.

As at 30 September 2024, the Group had unlisted coupon bonds in issue to independent third party subscribers with an aggregate principal amount of HK\$84.0 million (31 March 2024: HK\$84.0 million). The unlisted bonds are denominated in Hong Kong Dollars and unsecured and not guaranteed.

The coupon rate and maturity date of the unlisted coupon bonds issued by the Group as at 30 September 2024 are set out as follows:

Principal amount of the unlisted bonds	Maturity date	Coupon rate
(1) HK\$11 million	Within 84 months from the date of issue	5%
(2) HK\$5 million	Within 48 months from the date of issue	5%
(3) HK\$30 million	Within 60 months from the date of issue	8%
(4) HK\$18 million	Within 24 months from the date of issue	10%
(5) HK\$20 million	Within 12 months from the date of issue	10%

As at 30 September 2024, the cash and cash equivalents of the Group were mainly held in Hong Kong Dollars, Renminbi, United States Dollars and Singapore Dollars.

Details of the Company's share capital are set out in note 21 to this announcement.

Gearing ratio is calculated by dividing total debts (including bonds payable, promissory note, bank borrowing, and lease liabilities) by total equity as at the end of the Reporting Period. The Group's gearing ratio decreased from approximately 58.9% as at 31 March 2024 to approximately 29.0% as at 30 September 2024 which was mainly attributable to net repayment of the Group's debts.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure of credit risk. Besides, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

The Group's contractual commitments related to capital injection to a limited partnership fund. As at 30 September 2024, the Group had no capital commitments (31 March 2024: approximately HK\$9.3 million).

CAPITAL STRUCTURE

As at 30 September 2024, the capital structure of the Group consisted of (i) net cash and cash equivalents; (ii) equity attributable to owners of the Group, comprising issued capital and other reserves; and (iii) other borrowings comprising corporate bonds, bank borrowing and promissory notes.

SIGNIFICANT INVESTMENTS

On 21 August 2020, DL Investment Holdings US, LLC, a wholly-owned subsidiary of the Company (the “**Subscriber**”), and Carmel Reserve LLC (the “**Target Company**”) entered into a subscription agreement (the “**Subscription Agreement**”). The Target Company is an associate of Ms. Jiang Xinrong, the honorary chairman of the Board and non-executive Director who resigned with effect from 20 April 2023 and Mr. Chen Ningdi, the chairman of the Board (the “**Chairman**”), the executive Director and chief executive officer of the Company (the “**Chief Executive Officer**”). As such, the Target Company is a connected person of the Company. Pursuant to the Subscription Agreement, the Target Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, 27.06% of the interest in the Target Company as a class B member as enlarged by the subscription in two tranches at the consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000) which represents a post-money enterprise value of the Target Company of approximately US\$35,000,000 (equivalent to approximately HK\$273,000,000) (the “**Subscription**”). The Subscription has completed on 30 December 2020 and the consideration was satisfied by a combination of cash and the issuance of promissory note by the Company. As at 30 September 2024, the Group held 26.65% of the non-voting class B membership interest in the Target Company.

The Target Company is principally engaged in the investment, construction and development of an ultra-luxury real estate project. The investment of the Group in the Target Company is stated at fair value and is recorded as financial assets at FVTPL. As at 30 September 2024, the fair value of the investment in the Target Company amounted to approximately HK\$142.7 million (31 March 2024: HK\$115.2 million), which represents approximately 13.3% of the total assets of the Group as at 30 September 2024. No dividend was received from this investment by the Group during the Reporting Period. During the Reporting Period, there is a fair value gain of approximately HK\$27.5 million (six months ended 30 September 2023: fair value gain of approximately HK\$3.7 million) arising from this investment.

The Subscription represents the first real estate investment of the Group. Notwithstanding the fact that the Subscription interest bears no management rights or control on the Target Company, having considered that the Group has been expanding its investment portfolio, the Board is of the view that being a passive financial investor in the Target Company, the Group will be able to enjoy the future potential profit through distribution to be made by the Target Company.

Save as disclosed above, as at 30 September 2024, the Group had no significant investment accounting for more than 5% of the Group’s total assets.

The Group adopts prudent and pragmatic investment strategies over its significant investments to generate investment return with a view to better utilise the capital and funds of the Group. Factors including but not limited to the investee's financial performance, prospect, dividend policy and associated risk of the investment were considered for investment decisions.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 17 July 2024, (a) DL Holdings (Japan) Limited (“**DLJP**”) (as issuer), a company owned as to 100% by Mr. Chen Ningdi, and (b) Instant Glad Investments Limited (a wholly-owned subsidiary of the Company), GOTOU Co., Ltd.* (五島株式會社) and HIJIRI PARTNERS Co., Ltd.* (ヒジリパートナーズ株式會社) (collectively as the “**DLJP Subscribers**”), entered into a subscription agreement, pursuant to which the DLJP Subscribers have conditionally agreed to subscribe for, and DLJP has conditionally agreed to allot and issue, the subscription shares, representing 87.5% of the issued share capital of DLJP as enlarged by the allotment and issue of the subscription shares, at the aggregate subscription price of JPY140 million (equivalent to approximately HK\$7 million) (the “**DLJP Subscription**”).

DLJP is principally engaged in, among others, property investment and the major asset and activity of DLJP is investment in a property located in Tokyo, Japan held by DLJP and the leasing thereof.

Upon completion, DLJP will be indirectly owned as to 62.5% by the Company and will become an indirect non-wholly owned subsidiary of the Company, and the financial results of DLJP will be consolidated into the accounts of the Group.

For further details, please refer to the announcement of Company dated 17 July 2024.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no further specific plan for material investments or capital assets as at 30 September 2024. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Listing Rules as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2024 (31 March 2024: nil).

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk is primarily related to Renminbi, United States dollars, Singapore dollars and Japanese Yen. As at 30 September 2024, foreign exchange risk on financial assets and liabilities denominated in the above-mentioned foreign currencies was insignificant to the Group. The Group currently does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes.

CHARGES ON GROUP ASSETS

As at 30 September 2024, the Group did not pledge any of its assets (31 March 2024: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2024, the Group employed a total of 92 (31 March 2024: 85) fulltime employees. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the Reporting Period, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$33.9 million (six months ended 30 September 2023: HK\$22.3 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses would be discretionarily offered to employees in accordance with their performance. The Group has also adopted a share option scheme in which the employees of the Group are a category of eligible participants as incentive or reward for their contribution to the Group. The Group also provides appropriate staff training and development, so as enhance the Group's sustainable development.

FUTURE PROSPECTS

In respect of the Financial Services Businesses, it remained to be a major contributing factor to the revenue for the Reporting Period recorded by the Group. As part of the forward-looking strategy, the Group aims to be a prominent asset management and financial services platform, with a core focus on family office in the Asia-Pacific region. The Group's developing strategy is as below:

1. Based on the financial advisory services provided through DL Family Office (HK) Limited, DL Emerald Wealth Management Limited and DL Advisory Services Limited, the Group provides personalised wealth management and succession services throughout the entire life cycle for ultra-high net worth families.

2. DL Securities (HK) Limited (“**DL Securities**”) will continue to serve the Group’s increasing key corporate clients and expand its investor base for capital market activities.
3. DL Digital Family Office (HK) Limited (“**DL Digital FO**”) and DL Securities have developed a standardised investment scheme (“**Flagship Strategy**”) for all investors under DL Securities trading platform, where the Group is able to offer standard global asset allocation and management services to high- net-worth families, professional investors (“**PI**”), financial institutions, private enterprises, and external wealth management platforms. With such effort, the investment and services under the family office division will not be limited to ultra-high net worth families but can be extended to other range of investors under a more standardised and scalable Flagship Strategy program. DL Digital FO will also develop other asset management products and offer them to the Group’s increasing investor pool.
4. DL New Economy Research Institute (the “**Institute**”) is established to promote the institutionalisation, programming, systematisation and professionalism of internal research, providing recommendations and valuable reference for the overall investment direction of the Group. Internally, the Institute will provide reports, consultation and services based on the needs of research from different departments. Externally, the Institute will launch extensive inter-industry cooperation to expand the influence of the think-tank and provide services such as macroeconomic trends and specialised industry analysis for the family office customers of the Group. The Group will provide research results of the wealth management industry both internally and externally in the form of a think-tank to provide advice and suggestions for the government and the development of the industry. The Institute will fully leverage on the market and information advantages of Hong Kong as an international financial center as well as the business platform of the Group, actively put into practice the Group’s philosophy of “Delivering Legacy”, employ competent think-tanks and talent teams, and strengthen the application and promotion of the brand name of “DL Research”, to solidly promote and enhance the Group’s research capability and customer service level.
5. The business of DL Global Capital (“**DLGC**”) includes, but not limited to ONE Carmel, ONE Plus Property Management, and private equity and credit funds. DLGC provides clients with private investment opportunities through debt and equity instruments. ONE Carmel is a luxury real estate project of 891 acres with 73 world-class houses and global community services located in the breathtaking Carmel Valley, California. After years of hard work, the first phase of the project is expected to be completed in the first quarter of 2025.

DLGC will also continue to explore investment opportunities in Hong Kong, Singapore, Japan and the United States in both equity and credit nature.

AI Services Upgrade in Securities

Reference is made to the Company's announcement dated 4 October 2024.

DL Digital FO intends to upgrade and enhance its service offerings through the introduction of face-to-face AI digital humans as its brand representatives, targeting professional investors as its core clientele with a self-built database, who may provide registered users with 24/7 access to global macroeconomic analysis, market insights, and other services. In the future, it will also gradually introduce a selection of 150,000 top-performing funds for investors to choose from, with a goal of reaching over 100,000 high-net-worth professional investors across the Asia-Pacific region.

Established in 2011, DL Securities is committed to offering a comprehensive suite of financial services to high-net-worth individuals and corporate clients in Asia, including, but not limited to, securities trading, financial advisory, investment research and professional investment advisory services.

At present, DL Securities serves 700 enterprise clients and ultra-high-net-worth individuals and has taken part in numerous IPOs, financing, placements and other investment banking activities, which has earned it a good reputation and growth potential in the Hong Kong capital market.

To further leverage on the AI capability of DL Digital FO, it is proposed that DL Digital FO will comprehensively empower DL Securities subject to fulfillment of the necessary regulatory requirements and/or the obtainment of regulatory approvals where necessary: First, DL Securities' existing clients will have free access to DL Digital FO's AI digital human services, which is equivalent to having a dedicated digital family office for each securities client. Second, the range of investment products available to existing clients of DL Securities will be significantly expanded to encompass global financial products for family office clients. Third, DL Digital FO will leverage digital technology to help DL Securities significantly streamline the account opening process, reduce customer acquisition costs and substantially enhance customer loyalty and engagement.

With the growing competition in the traditional securities sector, it has become increasingly difficult to attract customers through cost reduction. DL Securities intends to take a different approach by providing clients with premium products and services that are traditionally available only to family offices, allowing every individual to access their own family office through AI technology. With the empowerment of AI technology, DL Securities will experience a significant improvement in customer loyalty, service capabilities and customer base.

Through unwavering efforts, DL Digital FO strives to differentiate itself from other market players by developing face-to-face AI digital humans, which focuses not on intelligent investment advisory but rather on intelligent customer service, which is the most time-consuming, labor-intensive and costly aspect of the traditional financial industry.

As DL Digital FO's fellow subsidiary, subject to compliance with all relevant regulatory requirements, it is intended that DL Securities will be the first to reap the benefits, streamlining the account opening process of DL Securities and clients will have access to investment products for family offices and will also be able to use the AI digital humans developed by DL Digital FO. Investors in fund products will also receive trailer commission rebates as a reward.

The Board believes that, upon successful implementation of the intended business strategy, DL Digital FO's AI technology and digital human services will hold a leading position in the industry. When combined with the current scale and service demands of the securities business, this will not only greatly enhance customer experience and service offerings with reduced communication costs and increased customer loyalty, but also provide securities clients with higher-end family office products, creating a distinctive investment bank with added value.

In addition, DL Securities will share resources with DL Digital FO. By expanding the database, the AI performance of DL Digital FO will be further enhanced, which will showcase the Group's ability to unify and integrate internally, improve service quality, reduce costs and expand its presence, enabling a faster increase in both customer base and management scale.

The intended business strategy outlined above is subject to DL Digital FO' and DL Securities' compliance with the necessary regulatory requirements and/or the obtainment of regulatory approvals where necessary, and the said entities of the Group will engage in ongoing communication with the relevant regulatory authorities to facilitate the effective implementation of the plan.

With the diversified revenue source and capability of the Group, the Group strives to proactively adapt to the changing environment with an ultimate aim of bringing better investment return to the shareholders of the Company. Looking forward, the Group will proactively review its performance and prospects in different business segments from time to time in light of the changing business environment, with an aim of optimizing the use of the Group's resources in the interests of the Company thereby bringing maximum return to the shareholders of the Company.

On the other hand, the global economy uncertainty and international conflict had been imposing pressure on the general prospects of apparel industry and overall trading environment. In face of such pressure, the Group adopted a conservative strategy in the Apparel Business with the view to lowering the risk exposure of the Group amid such turbulent market situation. Nonetheless, the adverse impact on the business environment persisted throughout the Reporting Period and despite the cost control measures taken by the Group, the Group continued to record gross loss position for the Apparel Business segment. Whilst the Group continues to assess its sales strategy for the Apparel Business having taking into account the demand for apparel products globally and the profit margin of the business segment following cost-benefit analysis of the Group, the Group will from time to time reassess the Group's strategy in allocating of its resources between the business units so as to ensure the interests of the Company and its shareholders are preserved.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**CG Code**"). The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Chen Ningdi performed his duties as both the Chairman and Chief Executive Officer. However, the Board is of the view that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Chen Ningdi and believes that his appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Group.

Save as disclosed above, the Company was in compliance with all code provisions set out in the CG Code during the Reporting Period.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they have complied with the required standard of dealings and the Company's code of conduct concerning securities transactions by the Directors for the Reporting Period.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then Shareholders on 22 September 2015 (as amended from time to time) (the “Share Option Scheme”). The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. The eligible participants of the Share Option Scheme include the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group.

During the Reporting Period, the Company did not grant any share options under the Share Option Scheme. As at 30 September 2024, the Company had 26,600,000 share options (31 March 2024: 26,600,000 share options) outstanding under the Share Option Scheme.

Details of movements in the share options under the Share Option Scheme during the Reporting Period are as follows:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2024	Exercise price per Share	Closing price per Share prior to the grant of share options	Weighted average closing price of Share before date of exercise of options	Exercise period
Directors											
Mr. Lang Joseph Shie Jay (Note)	24 March 2023	4,500,000	-	-	-	-	4,500,000	HK\$2.70	HK\$2.69	N/A	24 March 2024 to 23 March 2026
Employee(s) of the Group	24 March 2023	22,100,000	-	-	-	-	22,100,000	HK\$2.70	HK\$2.69	N/A	24 March 2024 to 23 March 2026
Total		<u>26,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,600,000</u>				

Note: Mr. Lang is an executive Director.

No share options were granted or exercised or cancelled or lapsed during the Reporting Period.

SHARE AWARD SCHEME

A share award scheme was adopted by the Company on 8 September 2020 (as amended from time to time) (the “**Share Award Scheme**”). The Share Award Scheme is (i) to recognise the contributions by the participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme shall be subject to administration of the Board and DL Securities, the trustee in accordance with the rules of the Share Award Scheme and the trust deed in relation thereto.

The eligible participants of the Share Award Scheme include any employee (including without limitation any executive director) of any member of the Group, any non-executive director or proposed non-executive director (including independent non-executive director) of any member of the Group or any entity in which any member of the Group holds any equity interest (the “**Invested Entity**”), any supplier of goods or services to any member of the Group or any Invested Entity, any customer of the Group or any Invested Entity, any person or entity that provides or will provide research, development, consultancy, advisory services or other technological support to the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity, any other group or class of participants from time to time determined by the Directors as having contributed or may contribute by way of joint venture, business alliances, consultancy, advisory services or other business arrangements to the development and growth of the Group and any person or entity, who, at the sole determination of the Directors, has contributed to the Group.

During the Reporting Period, the Company did not grant any shares under the Share Award Scheme. As at 30 September 2024, the Company had 64,804,400 shares held under the Share Award Scheme (31 March 2024: 64,799,916).

On 2 September 2024, the Share Award Scheme has been terminated having considered (i) the Company historically granted far more share options under the Share Option Scheme than share awards under the Share Award Scheme and (ii) the costs for administering the Share Option Scheme were lower than the costs for administering the Share Award Scheme; and (iii) the cash flow requirement to maintain the Share Award Scheme is more onerous than that compared to the Share Option Scheme.

Upon termination of the Share Award Scheme, no further award shares may be granted thereunder, while the award shares already granted before the termination shall remain valid and continue to be held by the trustee and become vested according to the conditions of the awards and in accordance with the Share Award Scheme. As at 30 September 2024, the Company had 200,000 outstanding unvested share awards granted under the Share Award Scheme.

On 15 October 2024, the 66,100,488 Shares remaining in the trust fund originally held by the trustee under the Share Award Scheme were transferred to the Company, and being held as treasury shares of the Company.

For further details, please refer to the announcement and next day disclosure return of the Company dated 2 September 2024 and 15 October 2024 respectively.

SUBSEQUENT EVENTS

Since 30 September 2024 and up to the date of this announcement, there is no significant event affecting the Group that have occurred.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares (including sale of treasury shares) listed on the Stock Exchange.

ISSUE OF SECURITIES AND USE OF PROCEEDS

On 21 March 2024 (after trading hours), the Company (as issuer) entered into a placing agreement with DL Securities (HK) Limited (an indirect wholly-owned subsidiary of the Company) and Soochow Securities International Brokerage Limited (an independent third party) (collectively, referred to as the “**Placing Agents**”), pursuant to which, the Placing Agents conditionally agreed to place as the Company's placing agents on a best effort basis the placing Shares of up to an aggregate of 100,000,000 new Shares to not less than six places at the placing price of HK\$3.50 per placing Share.

On 9 April 2024, the Company has successfully placed a total of 64,370,000 placing Shares under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 11 September 2023. The net proceeds (after deducting the placing commission, professional fees and all other related expenses which may be borne by the Company) from the placing were approximately HK\$223.7 million.

In order to better utilise the financial resources of the Company and to capture favourable investment opportunities, the Board has reviewed and resolved on 17 July 2024 to reallocate part of the unutilised net proceeds of approximately HK\$5 million from the placing for the DLJP subscription.

For further details, please refer to the announcements of the Company dated 21 March 2024, 9 April 2024 and 17 July 2024.

As at 30 September 2024, the net proceeds had been fully applied according to the intentions previously disclosed as follows:

	Original allocation of the net proceeds	Utilised amount of the net proceeds as at 17 July 2024	Unutilised net proceeds as at 17 July 2024	Revised allocation of the unutilised net proceeds as at 17 July 2024	Utilised net proceeds during the period from 17 July 2024 to 30 September 2024	Unutilised net proceeds as at 30 September 2024	Expected date of full utilisation of the unutilised net proceeds
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	
(i) Repayment of debt	130.00	130.00	-	-	-	-	NA
(ii) Indirect investment in DL Tower	35.00	35.00	-	-	-	-	NA
(iii) Investment in funds including but not limited to multi-strategy funds and limited partnership funds in Hong Kong	15.00	15.00	-	-	-	-	NA
(iv) Investment in our ONE Carmel premier residential project located in United States	15.00	15.00	-	-	-	-	NA
(v) Investment, research and development of our AI family office system (DL-GPT)	10.00	5.00	5.00	-	-	-	NA
(vi) Investment in IT facilities and upgrading the IT system	5.00	3.32	1.68	1.68	1.68	-	NA
(vii) Replenishing the working capital of the Group	13.70	13.70	-	-	-	-	NA
(viii) Investment in Japan through the DLJP subscription	-	-	-	5.0	5.0	-	NA
	<u>223.70</u>	<u>217.02</u>	<u>6.68</u>	<u>6.68</u>	<u>6.68</u>	<u>-</u>	

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 22 September 2015. The terms of reference of the Audit Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review the financial statements and significant financial reporting judgement, and oversee financial reporting system, risk management and internal control systems of the Group.

For the Reporting Period, the Audit Committee consisted of three members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The unaudited condensed consolidated financial statements of the Company for the Reporting Period have been reviewed by the Audit Committee. BDO Limited, the Group's auditor, has carried out a review of the Group's unaudited condensed consolidated financial statements for the Reporting Period, which is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board

DL Holdings Group Limited

Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 27 November 2024

As at the date of this announcement, the executive Directors are Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying; the non-executive Directors are Mr. Chan Kwan, Mr. Chan Kwun Wah Derek and Mr. Wang Yiding; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun and Mr. Li Xiaoxiao.